

David M. Wiseblood (SBN 115312)  
Law Offices of David M. Wiseblood  
101 Montgomery Street, 27th Floor  
San Francisco, CA 94104  
Telephone: (415) 547-2700  
Facsimile: (415) 547-2701  
E-Mail: dwiseblood@wisebloodlaw.com

Attorneys for Creditor  
STERLING SAVINGS BANK  
(as successor by merger to Sonoma Bank)

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF CALIFORNIA  
SACRAMENTO DIVISION

In re

J. PEDRO ZARATE,  
Debtor.

Case No. 13-22346-C-13

Chapter 13

DCN: HCS-2

**REPLY OF STERLING SAVINGS BANK TO  
DEBTOR'S OPPOSITION TO MOTION TO  
COMPROMISE CONTROVERSY**

Date: March 25, 2014

Time: 9:30 a.m.

Dept.: C

Judge: Hon. Christopher M. Klein

Sterling Savings Bank submits this reply to the Debtor's opposition. In so doing, the Bank joins in the arguments made by the Trustee to support the compromise, and in response to the Debtor's opposition. We write simply to emphasize the following few points.

The Debtor's "prematurity" argument is demonstrably wrong and false. The declaration of the Bank's state court counsel, Judith Whitehouse, also counsel in this case, confirms that extensive discovery was propounded by the Debtor, with proper responses. The July 2013 letter to opposing counsel attached to Ms. Whitehouse's declaration succinctly explains the meritless nature of the Debtor's undisclosed litigation claims that form the subject matter of the settlement with the Trustee.

1 The Debtor conspicuously has failed to respond to the A & C factors cited by the Trustee  
2 to support his opposition brief. These omissions should be construed as admissions as to the  
3 merits of the compromise.

4 The compromise *is* meritorious. The Bank believes strongly it has absolutely no liability  
5 to its defaulting borrower, the Debtor. The Debtor had, without ever seeking Bankruptcy Court  
6 approval to retain counsel in any of his bankruptcy cases and after failing to schedule the  
7 litigation claims, pursued litigation against the Bank in a vigorous fashion. The Trustee and the  
8 Bank have analyzed why on the facts and the law the Debtor's litigation claims are without  
9 merit. The Bank after the case was converted was not dealing with a fiduciary who simply  
10 "rolled over" or was represented by incompetent counsel. To the contrary, the Trustee  
11 negotiated vigorously, fairly and cautiously with the Bank while represented by very competent  
12 counsel. The Bank has made a business decision to settle with the Trustee on a claim that it  
13 values at zero but one which it realizes it will be forced to pay attorneys' fees to continue to  
14 defend if the Court denies the Trustee's motion. The Debtor does not explain or analyze why the  
15 settlement is unfair, or argue that it was the product of anything other than good faith, arm's  
16 length negotiations, or that the Estate will not benefit if the Court approves the settlement.

17 In short, the Debtor has provided the Court with no authority or evidence to deny the  
18 Trustee's Motion or to invade the business judgment he made in agreeing to a settlement with the  
19 Bank. The Court should grant the motion.

20  
21 Respectfully submitted,

22 LAW OFFICES OF DAVID WISEBLOOD

23  
24 Dated: March 18, 2014

By /s/ David M. Wiseblood

25 David Wiseblood  
26 Attorney for Creditor  
27 STERLING SAVINGS BANK  
28